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INDUSTRIAL POLICY ADMINISTRATION

Abstract

The industrial sector is one of the important components of economic development. Industrial activity of an innovative character in this century will be a major factor in economic development. Therefore, the qualitative level of industrial development is important. Of no little interest is the importance of the domestic economy in the world market and its integration as an equal member. Industrial policy is a set of measures that affect the economic life and situation of industries and enterprises or groups of enterprises through special government decisions and measures, and not only by creation of a common economic environment. In this regard, the article discloses the theoretical aspects of the "industrial policy" concept, subjects, objects of state industrial policy, types and models. The analysis of foreign experience and the effectiveness of its application in Kazakhstan is conducted. In this article the attention is focused on the innovative development of the country's industry. This article explores the mechanisms and tools of structural policy. The authors of the article show the patterns of industrial policy development, which in a certain period were under direct state regulation. In the article there was given the characteristics of industrial policy development that focused on financial indicators. The classification characteristic and modern models of industrial policy are considered. The main problems of industrial policy, taking into account the classification of the European Economic Commission, were defined.

Key words: economics, industry, innovations, state policy, investments, management, production, efficiency, competitiveness.

Industrial policy is a set of measures that affect the economic life and situation of industries and enterprises or groups of enterprises through special government decisions and measures, and not only by creation of a common economic environment. Industrial policy changes the structure of the economy, solves regional problems, supports this or that type of business with the help of direct and indirect instruments. Industrial policy is widely used in various countries of the world (both industrial and developing) in order to protect national markets and diversify the economic sectors.

However, the term "industrial policy" itself is not used in Western theory, since it is associated with all kinds of benefits, subsidies, support for inefficient industries and enterprises, i.e. measures that are poorly compatible with the principles of a market economy. However, in practice, all the countries use some or other form of production incentive and protection of jobs from import or export support, although in many cases the absence of an industrial policy is formally declared.

The traditional form of industrial policy adopted in the current conditions for the developed countries is the choice of priority directions of economic development based on the global laws of scientific and technological progress and national competitive advantages and their implementation through state target programs, development institutions, public procurements, soft loans, and support of competitive production-technological structures.

The most important instruments of the industrial (structural) policy are indicative planning and long-term forecasting of the scientific and technological process.

Scientists-economists pay insufficient attention to the industrial policy of the state. The industrial policy of the state as a part of the general economic policy can be considered as one of the most widely discussed and, at the same time, one of the most controversial concepts in the economic literature.

In the 40–60-ies of the twentieth century, the industrial policy of many countries was under direct government regulation. The share of the public sector in that period was 30–35%, in some countries reached up to 40%. Through conduction of privatization processes, there is a tendency in the direction of moving from direct methods of industrial development regulating by the state to indirect methods

of regulating based on industrial policy. So the need to create complex bureaucratic structures for the purpose of detailed regulation of industrial policy gradually disappeared, but none even a highly industrially developed state has yet abandoned the methods of state regulation of industrial policy.

In connection with the cyclical development of the economy at the stage of getting out of the structural crisis, industrial policy promotes the formation of a new type of sectoral structure of industry, at the stage of economic growth- to its development and strengthening, at the stage of stabilization – it is aimed at realizing the existing potential.

Depended on the stage of development the industrial policy provides either support for the existing structure of industry, or the formation of a new type of industrial structure.

In the conditions of the priority of innovative development, as the result of a competent industrial policy, it is possible to single out the formation of a high-technological, intellectual core of the industry. At present, the state industrial policy can be considered as the national, since not only the state and business, but also scientific and public organizations, institutions of civil society act as equal participants in its development and implementation.

Thus, despite various approaches to the definition of industrial policy, one can note that industrial policy is the most important direction of state economic policy; modern understanding of industrial policy implies a change of the institutional structure of the economy and is characterized by its close interrelation with scientific-technical and innovation policies.

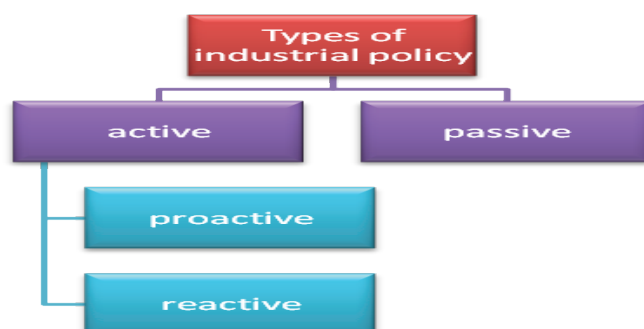
Taking into account the content of industrial policy, the following definition can be singled out: industrial policy- is a set of state regulation measures aimed at changing the institutional structure of the economy on the basis of the latest achievements of science and technology in order to increase the competitiveness of industries, sectors, enterprises and products, both externally and In domestic markets, stimulating of economic growth, in accordance with perfected long-term national strategic priorities.

The state is the subject of state industrial policy, and not any political power, but the state of a modern type- an abstract corporation that has its own legal entity, different from the personalities of the rulers, including the government apparatus and the aggregate of citizens.

Objects of industrial policy are the commodity producers and producers of services. This approach differs from the traditional understanding of industrial policy, according to which its object are usually considered large industrial-technological complexes, giant corporations or industries, usually consisting of large, capital-intensive industries.

The structural changes that have taken place in recent decades – the development of the new production technologies, financial instruments, organizational structures, the globalization of production, trade and finance, the increasing role of knowledge, information and technology in production processes, etc. – all this makes limited the traditional view of the industrial policy object [1, p. 10–12].

There is no consensus on the classification of industrial policy in the literature. Traditionally the industrial policy is divided (picture 1) in to passive and active.



Picture 1 – Types of industrial policy

Active industrial policy is divided into “proactive” and “reactive” policies. The core of the reactive policy is the constant monitoring of tendencies of national and world technological development and the support by measures of economic and institutional regulation of those that are recognized as useful.

Pro-active policy is more risky and is in maintaining tendencies at an early stage, based on forecasts, when they have not yet appeared, and their usefulness cannot be estimated reliably.

Passive industrial policy appears in the event that it is oriented only on the general financial indicator of the development of the national economy.

According to classification of Europe an economic committee (EEC) the main problems of industrial policy are:

1) reforming in the field of rulemaking and development of legislation (including problems of liberalization, deregulation, social, labor and industrial legislation, financial engineering, privatization);

2) policy in specific industrial sectors (industrial restructuring, closing and conversion of industry defense sectors, support for small and medium-sized enterprises, support for high-priority industries);

3) employment and productivity;

4) investment in tangible assets (industry, transport infrastructure, communications);

5) investment in intangible assets (industrial research and development, technology transfer, personnel training, including management training, quality improvement, clean technologies, development of standardization and statistics);

6) policy in the field of competitiveness and competition (events in the domestic market, export development and trade liberalization);

7) international investments;

8) environmental policy, industrial ecology

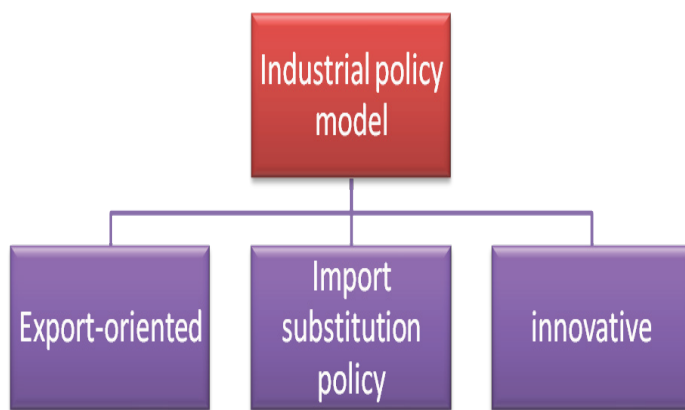
9) industrial as pectsofenergy policy;

10) policy of regional development;

11) industrial cooperation between developed countries and countries in transitional phase;

12) specific aspects of industrial development of the countries in transition phase [2, p. 26–28].

There are certain instruments, the use of which is subject to a specific goal, the priorities of the industrial policy being implemented. These priority areas of industrial policy being implemented are called industrial policy models (picture 2): export-oriented model; import substitution model; innovative model.



Picture 2 – Models of industrial policy

The peculiarity of the export-oriented model of industrial policy is to encourage industries that are focused on exporting their products. The main incentive measures are aimed at developing and supporting of competitive export industries. The priority task is the production of competitive products and access to the international market. There is an orientation of the country's industry on the world market in order to capture as much of the world market as possible. The government pursues the policy of creating favorable conditions for the functioning and development of export-oriented industries.

The main advantages of this model are the country's inclusion in the world economy and access to global resources and technologies; development of strong competitive economy sectors that ensure the development of other economy sectors and are the main provider of funds to the budget; attraction of foreign exchange assets to the country and their investment in the development of production and services of the national economy.

Negative factors of the implementation of the export-oriented model relate mainly to commodity exports, since its excessive presence in the structure of exported products threatens to lead to the primitivization of the structure of the national industry; the growth of corruption in power structures; the outflow of labor and financial resources from the manufacturing industry of the country, which in the long term may lead to erosion of competitiveness of the country's manufacturing industry, and slowing economic growth rate. Stagnation in the manufacturing industry in turn can lead to its lagging behind the world technological development and the need to import new machinery, which virtually nullifies the effect of commodity exports, as it puts the country's economic development in dependence on foreign producers.

The import substitution model is a strategy for ensuring the domestic market based on the development of national production. Import substitution is based on the implementation of a policy of protectionism and the maintenance of a firm exchange rate of the national currency (thereby preventing inflation).

The import-substituting model contributes to the improvement of the balance of payments structure, the normalization of domestic demand, the provision of employment, the development of production, and the scientific potential.

The negative aspects of the model of import substitution of industrial policy are the self-isolation from new tendencies in the world economy; the possibility of technological, and therefore, competitive lag from developed countries; the danger of creating hothouse conditions for national producers, which will lead to inefficient management and use of resources; the need, to build fully production chains that can be more capital and resource-intensive than those already existing in other countries, regardless of the international division of labor.

The basis of the innovation model is the process of the country's economic development both on the domestic and foreign markets, which relies on the latest trends of technological and social development using high-tech and capital-intensive production.

The core of the innovation model is to maintain the scientific and technical potential of the country, and, consequently, its competitiveness in the international arena; stimulating the development of educational institutions and providing the economy with highly educated and qualified personnel; furtherance the creation of jobs within the country and ensuring domestic demand; maintaining a stable and high national currency exchange rate and the welfare of the population; orientation on the development of the machine-building complex, machine tool and instrument making with a higher value added of the products.

The disadvantages of the innovation model are the need to spend a lot of money on the development of innovation infrastructure and the renewal of the industry production apparatus; the need for a large number of highly qualified personnel, and, consequently, arises the problem of their effective training and retraining. Successful examples of innovative development models are the economies of the countries such as Japan, South Korea. But, these countries are very small and it is easier for them to regulate and control their markets for the implementation of the innovative model [3, p. 129–132].

Based on the above we can make the following conclusions:

- ♦ industrial policy is asset of measures that affect the economic life and situation of industries and enterprises or groups of enterprises through special government decision sand measures, and not only by creation of a common economic environment;

- ♦ industrial policy should solve the following state problems: employment and productivity, investment in tangible and intangible assets, industrial ecology, regional development policy, industrial cooperation between developed and developing countries;

- ♦ there are three models of industrial policy: export-oriented, import substitution, innovative. The first two types of industrial policy are uncompetitive in conditions of globalized economy, because they are based on protectionist policies, which contradict the principles of a market economy. The most promising is the innovation model of industrial policy, as it helps to maintain scientific and technological progress, stimulates the development of educational institutions, focuses on the development of industries with higher value addedproducts.

We will study the features of the industrial policy of the United States of America. In the United States, the ideology of the free market is the main ideology, excluding open state management of the

economy, unlike the Japanese methods that were used in Japan in the initial period. Nevertheless, the US government played a pivotal role in stimulating growth in a number of areas. This was most evident in agriculture. Here, the US government came very close to industrial policy, which it was really worth pursuing, based on one of the deeper arguments that we discussed above.

As is known, the problem of recognizing ownership of scientific knowledge can be the cause of state intervention in a particular industry. In agriculture, based on family farms, this problem is especially acute: any innovation can later be used by thousands of farmers who do not risk anything unlike a pioneer. To mitigate this problem, the US government organized researches in the field of agricultural technology and spread information about them through the Agricultural Development Service.

The second important task of the American government is defense. Due to the large size of the national income compared to other industrialized countries and heavy expenses for defense, the state sector of the United States is the world's largest market for military equipment. Not surprisingly, the United States dominates in the production of such military products as fighter jets, which brings a big effect on the scale of production.

However, European analysts, explaining the lag from the US and Japan, believe that in practice, America's industrial policy is no less effective than the Japanese one.

According to the report of the Federal Reserve System of the USA, the volume of industrial production in the USA increased by 0,6% in 2013 compared to the previous year. On the one hand, this final result is positive, because a month earlier the US industrial sector showed a negative dynamics. But if you look from the other side, then the current situation looks less bright, as experts of the financial market predicted a higher value [4, p. 469–472].

Thus, the US experience in the field of industrial and innovation policy development is quite applicable in Kazakhstan, because now very similar problems are being solved.

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Аңдатпа

Экономикалық дамудың негізгі компоненттерінің бірі экономиканың нақты секторының өндірістік қызметі болып табылады. Қазіргі таңда инновациялық сипаттағы өндіріс белсенділігі экономика дамуының маңызды факторы болып есептеледі. Осы аталған мәселеде өндіріс деңгейі шешуші рөл атқарады. Әсіресе, дамыған елдер қоғамдастығының белді мүшесі ретінде әлемдік нарыққа отандық экономиканың интеграциялану қажеттілігі жағдайында оның маңыздылығы күшейе түсуде. Өндірістік саясат тек қана жалпы шаруашылық жағдай тудырып қана қоймай, арнайы мемлекеттік шешімдер мен шаралар арқылы кәсіпорындар мен топтарға, сонымен қатар сала және экономикалық өмірге әсер ететін шаралар жиынтығын білдіреді. Сол себепті, мақалада «өндірістік саясат» ұғымының теориялық аспектілері ашылып, оның субъекттері мен объекттері, түрлері және модельдері қарастырылған. Аталмыш салада шетелдік тәжірибе де зерттеліп, оның Қазақстанда жүзеге асырылу тиімділігі қарастырылды. Елдегі өнеркәсіптің инновациялық дамуына назар аударылған. Бұл мақалада құрылымдық саясаттың механизмдері мен құралдары зерделенген. Мақала авторлары белгілі бір кезеңдерде мемлекеттің тікелей реттеуінде болған өнеркәсіптік саясаттың даму заңдылықтарын көрсеткен. Қаржылық көрсеткіштерге бағдарланған өнеркәсіптің даму ерекшеліктеріне сипаттама берілген. Өнеркәсіптік саясаттың сыныптамалық сипаттамалары мен заманауи модельдері қарастырылған. Еуропалық комиссия сыныптамасын ескере отырып өнеркәсіптік саясаттың негізгі мәселелері анықталған.

Тірек сөздер: экономика, өндіріс, инновация, мемлекеттік саясат, инвестиция, менеджмент, өндіріс, тиімділік, бәсекеге қабілеттілік.

Аннотация

Одним из важных компонентов экономического развития является промышленный сектор. Промышленная деятельность инновационного характера в нынешнем столетии будет важнейшим фактором экономического развития. Для этого важен качественный уровень развития промышленности. Немаловажным является значение отечественной экономики на мировом рынке и ее интеграция в качестве равноправного члена. Промышленная политика представляет собой совокупность мер, которые воздействуют на экономическую жизнь и положение отраслей и предприятий или групп предприятий путем специальных государственных решений и мер. В связи с этим в статье раскрыты теоретические аспекты понятия «промышленная политика», субъекты, объекты государственной промышленной политики, виды и модели. Проведен анализ зарубежного опыта и эффективность его применения в Казахстане. Акцентировано внимание на инновационном развитии промышленности страны, изучены механизмы и инструменты структурной политики. Авторами статьи показаны закономерности развития промышленной политики, которые в определенный период находились под прямым государственным регулированием. Дана характеристика особенностей развития промышленной политики, ориентированной на финансовые показатели. Рассмотрена классификационная характеристика и современные модели промышленной политики. Выявлены основные проблемы промышленной политики с учетом классификации Европейской экономической комиссии.

Ключевые слова: экономика, промышленность, инновации, государственная политика, инвестиции, менеджмент, производство, эффективность, конкурентоспособность.